

Message Text

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PAGE 01 BOGOTA 05071 311414Z POSS DUPE
ACTION PM-05

INFO OCT-01 ARA-14 ISO-00 CIAE-00 INR-10 NSAE-00
DODE-00 NSC-05 SP-02 SS-15 EB-08 TRSE-00 L-03
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-----021941 010244Z /12

R 302104Z MAY 78
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC 8255
INFO USCINCSO

UNCLAS BOGOTA 5071

E.O. 11652: NA
TAGS: MASS, CO
SUBJECT: MILITARY ASSISTANCE: DELAYED FMS LOAN PAYMENTS

REF: STATE 124355

1. COLOMBIA IS AMONG THOSE GOVERNMENTS WHICH HAVE EXPERIENCED DELAYED PAYMENTS. THIS IS IN PART DUE TO A COMPLEX ADMINISTRATIVE PROCESS WHICH COLOMBIAN LAW REQUIRES IN MAKING LOAN PAYMENTS. THIS PROCESS NORMALLY REQUIRES 6 WEEKS TO OBTAIN APPROVAL OF THE MINISTER OF FINANCE.

2. WHILE THE LOAN PAYMENT SCHEDULE IS OF GREAT VALUE, THIS APPLIES ONLY AFTER THE LOAN DRAWDOWN PERIOD IS TERMINATED AND LOAN TOTALS AND INTEREST PAYMENTS CAN BE ACCURATELY DETERMINED. AT THIS STAGE, FIXED PAYMENTS CAN BE FORECAST FOR THE LIFE OF THE LOAN AGREEMENT. DURING THE DRAWDOWN PERIOD, HOWEVER, THESE PAYMENTS WILL VARY DEPENDENT UPON THE AMOUNT OF FUNDS WITHDRAWN FROM THE FEDERAL FINANCING BANK AND THE INTEREST RATES APPLIED AGAINST EACH WITHDRAWAL. FOR THIS REASON, BILLING STATEMENTS ARE NECESSARY UNTIL THE DRAWDOWN PERIOD IS CONCLUDED AND FIRM REPAYMENT SCHEDULES AND AMOUNTS ARE DETERMINED. FOR THE PAST SIX MONTHS WE HAVE BEEN WORKING CLOSELY WITH THE MINISTRY OF DEFENSE AND THE MINISTRY OF FINANCE IN ATTEMPTING TO DEVELOP A MORE EXPEDITIOUS SYSTEM FOR LOAN PAYMENTS. THIS HAS BEEN UNCLASSIFIED

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A DIFFICULT AND COMPLEX PROCEDURE BECAUSE OF THE RESTRICTIVE PROVISIONS OF COLOMBIAN LAW. ON PAPER AT LEAST, WE HAVE SUCCEEDED IN GAINING ADOPTION OF A NEW APPROACH WHICH SHOULD REDUCE LOAN PAYMENT PROCEDURES BY APPROXIMATELY TWO WEEKS. WE ARE ADVISED, HOWEVER, THAT BECAUSE OF LEGAL REQUIREMENTS, A FORMAL BILL MUST BE SUBMITTED TO EFFECT PAYMENT; THE FFB BILLING STATEMENT SERVES THIS PURPOSE. THIS EMPHASIZES THE IMPORTANCE OF THE BILLING STATEMENTS DURING

BOTH THE DRAWDOWN PERIOD AND THE LOAN PAYMENTS PERIOD.

4. OBVIOUSLY THE EARLIER WE CAN RECEIVE THE BILLING STATEMENTS, THE HIGHER THE ASSURANCE THAT WE WILL EXPERIENCE TIMELY PAYMENT. WHILE WE HAVE ALERTED THE VARIOUS COLOMBIAN ADMINISTRATIVE ENTITIES CONCERNING THE NEED TO BE WATCHFUL FOR THESE STATEMENTS, OUR EXPERIENCE HAS SHOWN THAT THOSE COPIES MAILED TO THE MILGP IN COLOMBIA ARE THE COPIES WHICH CAN BE MOST PROMPTLY BROUGHT TO THE ATTENTION OF THE APPROPRIATE COLOMBIAN GOVERNMENT OFFICIALS WHO WILL INITIATE REPAYMENT.

5. IN VIEW OF THE FOREGOING, THE EMBASSY REQUESTS THAT BILLING STATEMENTS BE MAILED AS EARLY AS POSSIBLE, BUT NLT 45 DAYS PRIOR TO PAYMENT DUE DATE TO COMUSMILGP COLOMBIA, APO NEW YORK 09895. ASENCIO

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